

- employers to treat older workers fairly, provide benefit programs to meet the diverse needs of their workers in preparing for retirement, and expand opportunities for job training and financial planning
- government to assure that laws and regulations, policies, and programs support the overall economic security of older adults.

As perceived by the NCDOA focus group, the economic security of older North Carolinians and aging baby boomers revolves around three major areas:

1. managing health and long-term care costs
2. maximizing older adults' productivity
3. improving individuals' capacity to manage their financial responsibilities through information, education, and planning.

This chapter discusses the issues and programs pertaining to these three areas. Because the economic security of seniors in North Carolina is most commonly measured by poverty, this is where the discussion must begin.

## ***Poverty among North Carolina's Seniors***

North Carolina continues to have a relatively high rate of poverty among older adults. The 2000 Census reported that for 1999 the state's poverty rate for adults age 65 and older was 13.2 percent, compared to the national rate of 9.9 percent. In contrast, North Carolina's overall poverty rate, 12.4 percent, parallels the national average of 12.3 percent (US Census Bureau, 2002, SF3, Table DP-2).

In North Carolina, Social Security keeps all but a few seniors (3.6 percent) from being among the "extremely poor" (up to 50 percent of the poverty threshold), but a disproportionate number of older adults—36 percent—are found among the poor and "near poor," (within 200 percent of the poverty threshold) (NCDOA 2002a). The high concentration of near-poor older North Carolinians parallels the national trend and highlights the economic dilemma of many seniors. They are not poor enough to be eligible for public assistance, yet they lack enough income to pay for such necessities as prescription drugs and utilities. For comparison, among adults ages 35 to 64, the proportions falling below 50,

100, and 200 percent of poverty were 3.8, 8.3, and 21 percent, respectively (NCDOA 2002a).

Concerned that the official US government poverty calculation might not sufficiently reflect today's economic reality, the National Academy of Sciences (NAS) and others have developed additional methods to calculate poverty rates. In their estimation, the poverty rate for adults age 65 and older was 14.5 percent nationally, compared to the official rate of 10.2 percent for 2000 (US Census Bureau 2001). The US Census Bureau notes that NAS's alternate method of calculating health care costs is a major explanatory factor for this difference.

Because of the vulnerability of seniors living in or near poverty and the risk facing baby boomers who lack sufficient resources to prepare for an economically secure retirement, North Carolina must tackle issues and undertake initiatives that have the best chance of making a difference. These measures include reducing the economic burden of health care costs on older adults, assisting older adults maintain their competitiveness in the labor market, and promoting financial planning and education for older adults.

## ***Managing Health and Long-term Care Costs***

The rising cost of health and long-term care has become a major threat to the economic security of many seniors and their families. Although the burden is particularly heavy among older adults in the near-poor category, older adults and baby boomers in better financial circumstances are also concerned that the high costs associated with their future health and long-term care might leave them impoverished. The current and future challenge of managing personal and public health budgets depends largely on what happens to Medicare and Medicaid and what progress is made to address the costs of prescription drugs and long-term care.

### ***Medicare***

Medicare is a federally administered health insurance program, designed largely to serve older adults. In North Carolina, 94 percent of adults age 65 and older are enrolled as Medicare beneficiaries today (MRNC 2001). A small proportion of older adults without Medicare